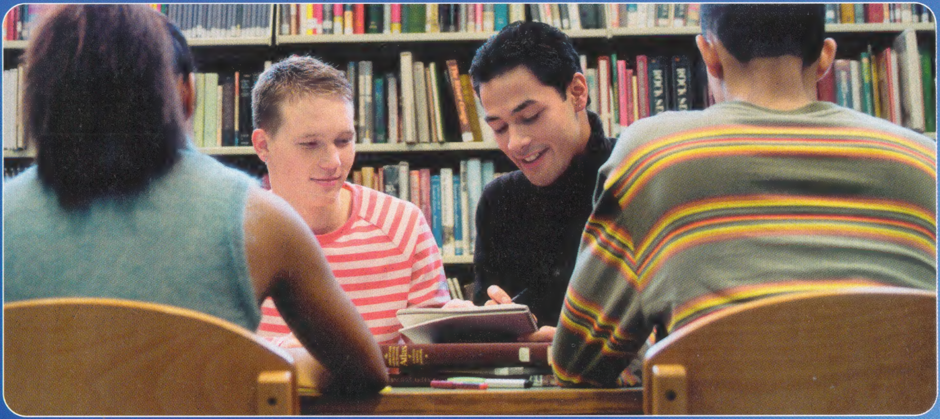
Student loans: A guide to terms and conditions

Guide for 04/05



studentfinance direct

Aimhigher...
student finance

Contents

1	Introduction	1
2	How student loans work	6
3	What you will repay	11
4	How your repayments will be collected	22
5	If you are repaying more than one type of loan	28
6	Yearly statements	30
7	What to do if you are not satisfied	32
8	Useful contacts	34

1/Introduction

Important information

The Government has announced its intention to make changes in the 2004/2005 arrangements for students. These will depend on changes to regulations.

As a result, we strongly advise you to check the latest details of the student finance system for 2004/2005 by visiting the DfES 'Student Finance' website (www.dfes.gov.uk/studentsupport). You can also get up-to-date information from your local education authority (LEA).

What are student loans?

Student loans are loans to help with your living costs – accommodation, food, clothes, travel, and so on, while you are at university or college.

How is it paid?

Your loan will usually be paid in three instalments. If you apply late, you may receive two instalments or even just one, depending on when you apply in the year.

When do I start paying back the loan?

You only start repaying the loan after leaving university or college (*see page 16*).

Who does this guide apply to?

This guide is for students:

- starting on full-time higher-education courses at or below first-degree level;
- starting on initial teacher training (ITT) courses;
- who are already on these courses (as long as the course started since the 1998/1999 academic year, with some exceptions – see below);
- who have received one or more loans for part-time study (depending on changes to the regulations, from the 2004/05 academic year, support for part-time students will be in the form of grants); or
- who qualified for a hardship loan (as long as the course started since the 1998/1999 academic year, apart from the exceptions below).

This guide sets out the arrangements that the United Kingdom Government has made for repaying student loans. It explains what you are committing yourself to when you take out a loan.

The arrangements described in this guide cover repaying loans taken out by students in the UK.

You will find the details of the arrangements in the following loan repayment regulations. For England and Wales, these are Education (Student Loans)(Repayment) Regulations 2000 as amended. For Northern Ireland they are the Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2000 as amended. For Scotland they are Repayment of Student Loans (Scotland) Regulations 2000 as amended. You can buy printed copies from a bookshop or order them from The Stationery Office (TSO) Ltd (phone order line 0870 600 5522, fax order line 0870 600 5533) or from Her Majesty's Stationery Office (HMSO) website at the following address. **www.legislation.hmso.gov.uk**

This guide does not apply to those people with student loans who:

- started their course in 1997/1998 or earlier;
- started their course in 1998/1999 but were classed as a gap-year student (see below);
- could not start their course in 1997/1998 because their A level (or equivalent) grades were not good enough, but who were able to start a course in 1998/1999 after having their grades raised as the result of an appeal; or
- started their degree course immediately after completing a HND or Dip HE course in 1997/1998, 1998/1999 or 1999/2000.

If you fall into the categories shown above, you will have taken out fixed-term (sometimes known as 'mortgage-style') loans. You will find the terms and conditions for these loans in the individual loan agreements you signed when you took the loan out.

You are classed as a 'gap-year student' if:

a you received, from your college before 1 August 1997, a conditional or firm offer of a place on a course with entry deferred until 1998/1999; and

b you achieved the necessary A level (or equivalent) grades (and any other conditions) to allow you to take up that conditional offer.

Ask your local education authority (LEA), or the Student Awards Agency for Scotland (SAAS), if you live in Scotland, or local Education and Library Board (ELB), if you live in Northern Ireland, if you are not sure about your status.

Further information

If you have questions about anything in this guide, or the terms of your loan, please phone the Student Loans Company (SLC) on freephone 0800 40 50 10. Depending on what you want to know, and where you live, your call may be passed to:

- the Department for Education and Skills (DfES);
- the Student Awards Agency for Scotland (SAAS); or
- in Northern Ireland, the Department for Employment and Learning (DEL).

The Department for Education and Skills in England and Wales, the Student Awards Agency for Scotland and the Department for Employment and Learning in Northern Ireland produce a range of related guides that you might find helpful. These are listed on pages 35 and 36 of this guide.

If you would like some more copies of this guide, please contact our freephone information line on 0800 731 9133.

You can get a copy of this guide from the DfES student support website at: http://www.dfes.gov.uk/studentsupport/formsandguides/index.shtml

If, once you have started to repay your loan, you have any questions about how your repayments are collected through the tax system, speak to your employer or contact the tax office that your employer uses. The tax office can help you with questions about why your employer has deducted student loan repayments and the amount that has been deducted. The SLC can help you with questions about the balance on your account and when you will repay your loan.

2/How student loans work

Some general points

The loans schemes are handled by the SLC on behalf of the Secretary of State for Education and Skills and the Scottish Ministers, and in Northern Ireland, the Department for Employment and Learning. The SLC is responsible for keeping details of your account, adding interest, sending you a statement each year and answering questions about your loan.

You will find the details of the terms and conditions for **receiving** student loans within the relevant Education (Student Support) Regulations. The details of the terms and conditions for **repaying** loans which depend on your income (income-contingent loans) are in the Education (Student Loans)(Repayment) Regulations 2000 as amended from time to time, and the Scotland and Northern Ireland equivalents. If any changes that affect you are made to the regulations, the SLC, the DfES or the Inland Revenue will let you know.

If you are an eligible student (*see paragraph 4 of Section 1 – Introduction*) in higher education, you will be able to apply for a loan. You must repay this loan after you have finished or left your course. How quickly you repay your loan will generally depend on how much you earn.

When you take out a loan you will be asked to sign a combined loan application and agreement form. You must make sure that you provide complete and correct information and that you let the SLC know about any changes in these details before, during and after your loan until you have repaid your loan in full. This basically means that you will agree to repay your loan in line with the regulations that apply at the time the repayments are due.

You will not be asked to sign a formal credit agreement such as those you may have signed when taking out a loan from a bank or when getting credit from a high-street shop. This is because your loan is classified as 'low cost' and, as such, is not covered by the Consumer Credit Act.

This guide tells you the terms and conditions, and particularly the repayment arrangements, for student loans. You will not have to make any repayments before the April after you have left, or finished, your course.

Information requirements

When you take out a loan you will have to give specific information so that we can collect repayments when they are due. You **must** provide your National Insurance number (if you have one) or explain why you do not have one. If you do not provide your National Insurance number, or provide a legitimate reason for not having one, which can be confirmed, your loan instalment may be delayed. If you continue to fail to provide this information, the SLC may refuse to pay further loan instalments.

If you do not have a National Insurance number (or have mislaid it), you should contact the Inland Revenue's National Insurance Registrations Helpline on 0845 91 57006. This is a particularly

helpful option if you have simply mislaid your number. If your situation is more complicated, you should visit a Jobcentre Plus office for help.

The SLC will ask the Department for Work and Pensions to confirm whether your National Insurance number is correct. The SLC will pass on your personal details to the Inland Revenue. These details will include your National Insurance number, name, date of birth and address. The Inland Revenue will need these details so that they know you are a borrower and that they can collect repayments, or ask your employer to do so.

You must tell the SLC about changes in your circumstances. For example, you must tell them about any changes in your name, home or term-time address, National Insurance number, phone number and in the details of the bank or building society account into which instalments of your loan should be paid. After finishing or leaving your course, you must continue to tell the SLC about changes in circumstances for example, if you plan to leave the country, or change your employment status (from employed to self-employed and so on), so that they can advise you on arrangements for repaying the loan. If you do not give the SLC accurate and up-to-date information so that your loan can be repaid, they may impose a penalty charge.

You must also let your LEA (if you are a student from England or Wales), SAAS (if you are a student from Scotland) or your local ELB (if you are a student from Northern Ireland) know if you:

- decide to change your university or college;
- decide to change your course of study;

- get a bursary or scholarship from any source, for example, a Department of Health bursary;
- change your home, term-time or parental address;
- change your plans on whether or not to live in your parental home, halls of residence, lodgings or your own home during term time;
- change the academic year in which you will begin your course;
- know that the start or end dates of your course have changed;
- do not begin to study, leave your course or are expelled;
- are absent from your course for more than 60 days because of illness;
- are absent for a period for any reason other than illness; or
- are 25 or over at the beginning of the academic year, or you get married.

Your LEA, SAAS or ELB needs to know this information so that they can let the SLC know about any changes to your circumstances, your eligibility for further instalments of your loan, or when you should start repaying your loan.

Part-time students

Loans for part-time students were introduced in the 2000/01 academic year. These are being replaced in 2004/05 academic year by a new part-time package which is made up entirely of grants, which are not repayable. If you have one or more part-time loans for the 2003/04 academic year or earlier, you will have to repay them in line with the terms of this guide.

Full-time and part-time students

Remember, you will not have to start making repayments until the April of the year after you finish or leave your course.

Once you have finished or left your course and started work, you will be responsible for making sure that your repayments start as soon as you become liable. You should keep details about your income, such as payslips or P60s. This is similar to the information you will need to keep for tax purposes and will help to make sure that you repay the right amount.

From 6 April of the year following the date you leave your course, payments should begin once you are earning over £10,000 a year (see note [1] below). If there is a problem, you should first tell your employer. If the matter is not resolved, you should contact the SLC or Inland Revenue. Or, you must contact the Inland Revenue about self-assessment-based repayments. You may also make voluntary partial or total loan repayments – at any time – direct to the SLC.

[1] From April 2005 this amount may rise to £15,000, depending on changes to the regulations.

3/What you will repay

The amount that you repay will be based on your income after you have finished or left your course. This is known as an '*income-contingent* repayment'. You will not normally have to make any repayments while you are studying. However, if you go on to do a further course, you may have to repay a loan relating to an earlier course if your income is more than the level explained below.

Employees

If you are an employee, your employer will deduct repayments from your pay, at the same time as deducting tax and National Insurance contributions.

The amount you will repay is worked out as follows. There will be an income level (a threshold) below which you will not have to make any repayments at all. The current threshold is £10,000 each year (see footnote on page 10) before deductions. This is roughly equivalent to an income (before deductions) of £833 a month or £192 a week. Depending on changes to the regulations, this amount will change if the threshold goes up to £15,000 from April 2005.

If your income is above £833 a month or £192 a week, you will have to make repayments. The repayments will be worked out as a percentage of your income above £833 a month, or £192 a week, **not** as a percentage of your total income. The percentage will be 9%.

It is important to understand that repayments deducted by your employer will be worked out on individual pay periods and **not** on your total income for a whole year. (If you receive tax credits, these do not count as income for working out your student loan repayment.)

If you only work part of the year, and your employer has correctly deducted repayments from your monthly or weekly pay, you can ask for a refund direct from the SLC if your gross earnings for the tax year are less than £10,000.

Tax returns

If you are self-employed, you will have to send the Inland Revenue a tax return each year under the self-assessment system. Your student loan repayments will be collected through self-assessment, along with your tax. The student loan repayment will be based on all your income (gross) over £10,000 (see footnote on page 10), including all your unearned income, for example, dividend income from shares, if it is more than £2000.

There are some general points to remember when working out your income each year.

- The income of a husband or a wife, a partner, a parent or any other relative will not be taken into account.
- Income from Child Benefit and disability benefits, including Incapacity Benefit, will not be taken into account.
- Tax credits will also be exempt.

If you are an employee who also receives a tax return under the self-assessment scheme, you may have to make some loan repayments with the return, as well as those deducted by your employer.

The following examples illustrate what your repayments would be depending on your income.

Gross income each year	Monthly repayment	Repayment as a percentage of your income
up to £10,000	0	0
£11,000	£7.50	0.8%
£12,000	£15	1.5%
£15,000	£37.50	3%
£17,000	£52.50	3.7%
£20,000	£75	4.5%

A	Each month	B	Each year
Monthly repayments made through your employer		**Annual repayments made through self-assessment**	
Earned gross income in month	£1,500	Self-employed profits	£13,000
Unearned income	0	Unearned income	£6,000
Total monthly gross income	£1,500	Total gross income each year	£19,000
Monthly income threshold	£833	Income threshold	£10,000
Income on which repayments are due	£667	Income on which repayments are due	£9,000
Monthly repayments	£60	Yearly repayments	£810

Depending on changes to the regulations, the government is proposing to change the threshold for repayments to £15,000 from April 2005 (see footnote on page 10). If your income falls below that amount, you will not have to make any repayments. The amount you will have to repay from April 2005 if this goes ahead is given in the table below.

Gross income each year	Monthly repayment	Repayment as a percentage of your income
up to £15,000	0	0
£16,000	£7.50	0.6
£17,000	£15	1.1
£18,000	£22.50	1.5
£19,000	£30	1.9
£20,000	£37.50	2.3

If you are employed, your repayments will normally be deducted each week or month from your pay. We give more details about how this will work on pages 11 and 12. This means that if you are paid each month and your monthly pay stays the same during the year, the amount you repay in one year will be deducted in 12 equal instalments.

Remember though, if your salary varies each month, the amount you will repay will also vary.

You may choose to repay faster if you want to (see 'Making extra repayments' on page 17).

Repaying student loans for students going into teaching

The Repayment of Teachers' Loans (RTL) Scheme is a three-year pilot for newly-qualified teachers of certain shortage subjects who begin teaching in academic years 2002/03, 2003/04 and

2004/05. The shortage subjects are English (including drama), mathematics, science, information and communications technology, design and technology, modern foreign languages, Welsh, construction, engineering and basic skills. The scheme will repay your loans provided by the SLC over a period of up to 10 years, if you stay in an eligible post. If you are due to complete your teacher training in 2003/04 and are planning to take up a post teaching one or more of these subjects in a maintained school or further education institution in England or Wales, you may be eligible for the scheme. You can get more information at www.teachernet.gov.uk/teachersloans or by phoning the Teaching Information Line on 0845 6000 991 (or on 0845 6000 992 for Welsh speakers).

Living abroad

If you are outside the UK tax system, for example, you are living and working abroad, you must tell the SLC how much your yearly income is. If you are eligible to make repayments, the SLC will then work out how much these should be (it would normally be done on the same basis as UK taxpayers) and will make arrangements with you to collect them directly.

Start date for repayments

You will normally start making repayments at the start of the tax year after you finish or leave your course. The tax year runs from 6 April to 5 April. The SLC will write to you before you start making repayments to tell you how the repayments will be collected. However, no repayments will be collected before the April after you leave your course even if you have finished or left your course and your income is above £10,000 a year (see footnote on page 10).

Money that you earn before the start date will not be taken into account when your repayments are worked out.

Making extra repayments

You can pay off your loan more quickly by making extra repayments, even if you do not earn more than £10,000 a year. You can do this by sending a cheque to the SLC, quoting your reference number. If you want to, you can also make repayments before the start date for repayments in the April after you finish or leave your course. If you do choose to make extra repayments, it will not affect the amount of repayments you have to make through your employer or the Inland Revenue, because your income is more than the threshold. However, if you make extra repayments you will pay off your loan more quickly. Repaying your loan more quickly also means paying back less because of the interest added to the amount you owe (see below). You cannot get a refund of any amounts you repay voluntarily, unless you have finished paying off your loan.

When you near the end of your repayments, the SLC may contact you and ask whether you want to make a single one-off repayment to close your account. This may suit you better than continuing to have repayments deducted until you have repaid your loan. You will receive a refund, plus interest, if you repay more than you actually owed.

Interest

Student loans are not commercial loans. The Government subsidises the actual cost of interest on the loans, so they do not attract the same rates of interest that you would be charged

if you were to take out a loan from a bank or building society. However, to make sure that all borrowers pay back the same amount that they borrowed, the Government has to keep the value of what is owed in line with the general rate of inflation. This is done by working out the rate of inflation each year as defined by the Retail Prices Index (RPI) and fixing the interest charged to that rate. This means that however long it takes you to repay your loan, you will repay no more, in real terms, than you actually borrowed.

And, to protect the interests of borrowers, there is a limit to the rate of interest that you can be charged. This will be equal to the bank base rate plus 1%. As the bank base rate moves up and down this could mean that, in certain circumstances, the rate of interest charged on student loans could change during the year. If, for example, the base rate plus 1% fell below the rate of interest being charged on student loans, the SLC would reduce the student loan rate to match it. Normally, however, the RPI is lower than the base rate plus 1%.

The SLC will let you know about any changes to interest rates each year by placing adverts in the national press and publishing details on their website. You will also get details of the new interest rates in your yearly statement. The new interest rate will start from 1 September each year.

Remember that from the moment your loan is paid to you and until you pay it off in full, interest will be charged on a daily basis. The interest will be 'compounded', that is, added to the total amount you owe, every month.

Refunds

It is possible that you will make some repayments during the course of a tax year even though your total income for that year is less than £10,000 (see footnote on page 10). This would happen if, for instance, your monthly income was more than £833 (the monthly equivalent of the £10,000 yearly income threshold) but you only worked for a few months of the year. It might also happen if your income changed from month to month.

Whatever the reason, as long as your total income in the year is less than £10,000 you will be able to apply to the SLC for a refund of the repayments you have made in that year. However, they will not make refunds unless you ask them to do this. Also, they will not be able to make refunds until the Inland Revenue have confirmed your total earnings and total repayments at the end of the tax year. Of course, you may not want a refund because any repayments you have made will reduce the amount you owe so you will pay off your loan more quickly.

The SLC will do everything they can to make sure that you do not make any overpayments at the end of your loan. However, it is possible that some repayments will be made before they are able to close your account. If this happens, you will be entitled to a full refund of the overpayments together with interest. Interest will be paid at the same rate as it is charged to your account and will be tax-free.

The SLC has a service designed to help you if you are coming to the end of your repayments. The service predicts when you will pay your loan off in full. If you are likely to finish repaying your loan in the current financial year, you can contact the SLC to

find out when your repayments should end. They would need your latest P60 form and at least three payslips. See chapter 6 (Yearly statements) for more information on keeping records of what you have repaid.

If you are disabled

If you are disabled, any disability benefits that you get will not count towards the £10,000 income threshold (see footnote on page 10), even if they are taxable.

You can get guidance on support available to students with disabilities in our guide '*Bridging the Gap: A Guide to the Disabled Students' Allowance in HE*'. This guide is published every year and you can get copies by calling our freephone line on 0800 731 9133 or through our website at http://www.dfes.gov.uk/studentsupport/formsandguides.cfm. If you live in Scotland, you can get guidance from the contact point listed on page 36 of this guide.

Paying the Graduate Endowment for Scottish students

The Graduate Endowment is a fixed amount that some Scottish and EU students studying in Scotland will have to pay after they have completed their degrees. The Scottish Executive legislation, which set up the Graduate Endowment, is the Education (Graduate Endowment and Student Support) (Scotland) Act 2001 and the Graduate Endowment (Scotland) Regulations 2001.

If you are a Scottish or an EU student who started a higher education course at a Scottish college or university in 2001 or later, you will have to pay the Graduate Endowment when you

complete your first degree. However, mature students, lone parents and those with a disability will not have to pay the endowment, nor will students on HNC/HND and some health-related degrees like nursing.

You will not have to pay the Graduate Endowment until 1 April after you have completed your degree. So, if you started your degree in 2004/05 and complete it in three years, you will have to pay the endowment by 1 April 2008. You will be able to pay the endowment in one of two ways, either by taking out a student loan or by paying a lump sum. Whichever method you choose, the amount you pay will be the same. If you use the loan system to pay your Graduate Endowment, this amount will be added to your other student loans. As a result, you will not have to make an extra monthly payment for the endowment as well as your repayment for your other living-cost loans.

Cancellation

The SLC will cancel your loan plus any interest:

- when you reach the age of 65;
- if you die before you pay the loan off; or
- if you become permanently disabled and unfit for work;

as long as you have made all repayments based on your income to that date.

However, in certain circumstances, the Government may want to recover any amounts you owe up to that date.

If you would like to know more about the circumstances in which loans will be cancelled, please contact the SLC.

4/How your repayments will be collected

Making repayments through the PAYE scheme

If you are working and paying tax under Pay As You Earn (PAYE), your repayments will normally be deducted from your pay. If you have a loan, the SLC will tell the Inland Revenue when you finish or leave your course and will give them details such as your name and National Insurance number. The Inland Revenue will check to see if you are working and paying tax. If you are, they will tell your employer that you have a loan but not how much.

The Inland Revenue will give your employer tables so they can work out how much to deduct from your pay. If your pay is above the threshold, your employer will deduct the repayments and pass them on to the Inland Revenue. When the Inland Revenue receive all the details of what you have repaid in the year from your employer, they will then tell the SLC that the repayments have been made, and your account will be updated. It may take some time to update your account. This is because the Inland Revenue have to process large numbers of end-of-year returns from employers each year. It means that they may not process forms received at the end of the tax year until several months later.

However, the repayments you have made will be used to pay off your loan for the right year – usually in 12 equal instalments.

The Inland Revenue will only know the total that your employer has deducted over the whole tax year. The scheme works in a similar way to tax deductions. You need to keep track of what is being deducted from your pay each month, because neither the Inland Revenue nor the SLC will know what you still owe on your loan until your employer has completed and returned their accounts to the Inland Revenue.

What happens if you have more than one job?

If your earnings in either job in any pay period are at a rate equivalent to more than £10,000 a year (see footnote on page 10), your employer will make a loan deduction. Each employer will give you credit for the full £10,000 threshold. So if you earn £12,000 a year in each of two separate jobs, each employer will deduct 9% of £2,000. Keeping your employment records separate in this way protects your privacy and keeps the calculation of what you must repay straightforward for employers.

Remember, if your total earnings from all your jobs are less than £10,000 for the year, you will not have to make repayments.

If you are an employee who is sent a tax return by the Inland Revenue, you will have to assess the loan repayments you owe for the whole year. You will have to take account of all your employments, and charge 9% on all income above £10,000. The SLC will take account of deductions already made by your employers during the year, but it is likely that there will be more to pay, because each employer will have allowed the £10,000

threshold separately. You will also have to make repayments on any unearned income if you received more than £2,000.

If you are not sent a tax return by the Inland Revenue, you will not have to make further repayments, beyond those already deducted by your employers. However, you can, of course, choose to pay off your loan more quickly.

Information

The Inland Revenue can legally give information about your repayments to the SLC. However, the Inland Revenue cannot give them any information about your tax affairs, as these are confidential. Also, no details of your loan account – other than that you have a loan – will be given to your employer or to the Inland Revenue. Personal information passed between the SLC, the Inland Revenue and the Department for Work and Pensions will be covered by the Data Protection Act.

Other deductions from earnings

There may be other deductions from your income that will need to be considered when your repayments are worked out. For example, if a court or a local authority has placed an Attachment of Earnings Order (AEO) on you, or if the Child Support Agency has placed a Deduction from Earnings Order (DEO) on you.

If one of the orders is to collect Council Tax or Community Charge, your employer will not deduct student loan repayments until that order has been cleared. Orders to collect child support, fines or maintenance are also dealt with before the student loan

amount is deducted, and the amount of student loan taken may be limited so that your take-home pay does not fall below any protected level set by the court. Any orders to collect civil debts are dealt with after the student loan amount has been deducted.

In Scotland, if your employer has to operate any earnings arrestment (this means where your money can be taken to stop you repaying one debt before another) or deduction of earnings order, they will not deduct any student loan repayments.

Making repayments through the self-assessment scheme

You have a choice of how your tax assessment is made. Assessment of your student loan repayments is done at the same time as tax.

You can choose to send in your tax return early to the Inland Revenue who will work out how much you must repay, or you can choose to work out yourself how much to repay.

In either case, the amount you need to repay is 9% of the relevant income above the £10,000 threshold (see footnote on page 10).

Instead of repaying this amount, you can call the SLC who will let you know how much you still owe.

You can then arrange to repay this amount directly to the SLC. If you have a small loan balance left to repay, you will find it easier to repay directly in this way.

If you do not pay UK tax

If you do not pay UK tax, for example, because you are working abroad for a non-UK employer, you will be asked to make monthly repayments direct to the SLC. They will contact you before you are due to begin repayments and will ask you for evidence of your income each year. The SLC will then work out the amount you will have to repay each month. They will ask you to make repayments in pounds sterling. You may have to pay any charges made by your bank to transfer funds to the SLC.

As is the case with UK taxpayers, the amount you will be asked to repay will be 9% of your total income over the £10,000 threshold (see footnote on page 10). You will not have to make repayments if you earn less than £10,000 a year.

What happens if you don't make your repayments

By law, you will have to repay your loan in line with the regulations.

If you pay UK tax and you receive a tax return, you must fill it in correctly and return it on time. And, you must also make your payment of tax and student loan repayment on time. If you do not do this, you may have to pay interest and financial penalties under the Taxes Acts. These sanctions may also apply to student loan repayments.

You will also have to give the SLC and the Inland Revenue the information they ask for as well as keep records of your income. If you do not, you may have to pay financial penalties.

If, as a non-UK taxpayer, you fail to make repayments that are due or fail to give the SLC the information they ask for, you may have to pay penalties. There are three specific instances when these penalties may apply.

1. The SLC may triple the normal rate of interest on your account if you fail to:
   - let them know that you have gone overseas and are no longer within the UK tax system; or
   - provide information they may ask for about living overseas.

   This applies from the period you failed to let the SLC know that you had gone overseas to when they receive the information they need. They will take account of your circumstances before adding extra interest.
2. If you fail to give the SLC full information on your yearly income, they will base your repayments on an income equal to **twice** the UK average earnings.
3. If you continue to fail to make repayments, the SLC has the right to **accelerate your debt**. This means that they can get a court order to make you repay the loan in a single payment.

Employers have a legal obligation to deduct the correct amounts of student loan repayment. They may have to pay penalties if they do not do this.

5/If you are repaying more than one type of loan

Most people will have only one type of loan (income-contingent or fixed-term). However, some people may have both types of loan if they have taken more than one course of higher education. If you have chosen to take more than one course, you will normally have to repay the loans you took out for each course in line with the normal terms and conditions. This means that you may have to repay your fixed-term loan **and** your income-contingent loan at the same time. (However, this will depend on your income.) If so, your total repayments would be higher than if you only had one type of loan.

Trainee teachers on Postgraduate Certificate of Education courses (PGCE)

Different arrangements will apply to trainee teachers on PGCE courses who have both types of loan. If you are a PGCE student with a fixed-term loan from your first degree, and you take out an income-contingent loan for your PGCE, you will only have to pay off one loan at a time. Usually, once you are working, you will start by paying off your income-contingent loan.

However, the repayments will stop when you are earning enough to start fixed-term repayments. You will then repay your fixed-term loan until it is fully paid off. At this point the income-contingent repayments will start again. But see 'repaying student loans for students going into teaching' on page 15.

Adding together income-contingent loans

At some point after completing your first course you may want to take a further course of study. If you take out student loans for this further study, you need to be aware of two important points.

- If your income while you are studying is higher than the loan repayment threshold (explained in section 3), the SLC will expect you to continue to make repayments on your original loan.
- Although the loan for your next course will be dealt with separately by the SLC while you are studying, you will only receive one statement each year covering all of your loans. In the April after you have left your second course your second loan will be added to whatever you owe on your original loan. The SLC will, from that point onwards, treat this as one loan account.

6/Yearly statements

The SLC will send you yearly statements between September and November each year until you begin to repay your loan. Just before you do this, the SLC will send you an interim statement which will tell you how your account stands at that point.

Once you have started to make repayments, you will receive a statement as follows.

- If you are making all of your repayments through your employer via the PAYE system, you will get a statement after the end of the tax year. This will happen after the SLC has received details of your repayments from the Inland Revenue.
- If you are making repayments direct to the Inland Revenue through the self-assessment system, you will receive a statement after the end of the tax year. The actual date when you receive the statement will depend on you sending in your self-assessment return on time to the Inland Revenue.
- If you are outside the UK tax system, for example, living and working abroad, you will receive a statement shortly after the end of the tax year.

As well as receiving your yearly statement you may want to keep a closer watch on the amount you have repaid. To be able to do this you will need to keep all of your payslips as they will contain details of the repayments that you have made each month.
If you have any questions about your account, contact the SLC at the number shown on page 35.

Please remember to have your payslips and customer reference number to hand when you contact them.

7/What to do if you are not satisfied

Complaints

If you are not satisfied about the way your repayments are being collected, you should contact the organisation concerned. The SLC and Inland Revenue will be able to give you details of their complaints procedures. If, having used this procedure, you are still not satisfied, you can have an independent review of your case. Independent reviews are usually dealt with by

- the Student Loans Assessor for services provided by the Student Loans Company;
- the Adjudicator for services provided by the Inland Revenue; or
- the Parliamentary Ombudsman for services provided by central government (for example, the DfES) or Local Government Ombudsman for services provided by local authorities.

Appeals

These are different from complaints. You may be happy with the way your account has been handled but you may feel that a decision about your account, for example, the amount you have been asked to repay each month, is not correct and you want to appeal. As in the case of complaints, the organisations handling your account will have procedures for dealing with appeals and you should follow these.

However, if these procedures do not sort out the problem, you can make an appeal. Appeals against services provided by the Student Loans Company are also dealt with by the Student Loans Assessor.

Appeals against assessments made by the Inland Revenue will be dealt with by the Tax Commissioners.

In certain circumstances you may consider using the legal system, for example a county court, to sort out your problem. If you want to do this, you should first get independent legal advice, for example, from a solicitor, a legal advice centre or a Citizens' Advice Bureau.

8/Useful contacts

If you want more information

You can get information about applying for loans from your Local Education Authority, the Student Awards Agency for Scotland, the Education and Library Board or the Open University.

Or, you can visit the DfES Student Support website:
http://www.dfes.gov.uk/studentsupport

Or contact the **Student Loans Company Limited** for general information about student loans or how to apply.

Visit SLC's website: **http://www.slc.co.uk**

Phone: **Freephone 0800 40 50 10**, Monday to Friday, from 9 am to 5.30 pm

Or write to:
Student Loans Company Limited
100 Bothwell Street
Glasgow
G2 7JD.

Other useful information

England and Wales

Call the freephone **information line** on **0800 731 9133** if you want a copy of the following DfES guides.

- *Financial Support for Higher Education Students 2004/05*
- *Bridging the Gap – a guide to disabled student allowances in higher education 2004/05*
- *Childcare grant and other support for student parents in HE – a guide for 2004/05*

You can also order Braille, audiocassette and Welsh language versions of these guides from this number.

These guides are also available in an electronic format from our website above.

Scotland

The SAAS produce guides for Scottish students.
If you want a copy of these guides, contact:

Student Awards Agency for Scotland
Gyleview House
3 Redheughs Rigg
South Gyle
Edinburgh
EH12 9HH.

Phone: 0131 476 8212
Website: http://www.saas.gov.uk

Northern Ireland

If you want a copy of the guide *Financial Support for Higher Education Students*, you can get it from your local Education and Library Board or the Department for Employment and Learning. Their address is:

Department for Employment and Learning
Student Support Branch
Room 407
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD.

Phone: 028 90 257756
Website: http://delni.gov.uk

You can get a copy of this guide by calling the DfES information line on 0800 731 9133, quoting reference S/SLTC/V4.

There is a free textphone service available on 0800 328 8988.

You can also get Braille, audio-tape, Welsh-language and large print versions of this guide by calling the Freephone information line.

5898 Crystal Mark

Clarity approved by Plain English Campaign

Produced by the Department for Education and Skills

ISBN: 1 84478 171 2
PPD21/PBEL/104/145

department for
education and skills